

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

- 1 ~~AN ACT to create 84.013 (3g) of the statutes relating to the construction of~~
2 ~~major highway projects involving a bypass.~~

99 SUB MAJOR HIGHWAY PROJECTS

~~Analysis by the Legislative Reference Bureau~~

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Under current law, the Department of Transportation (DOT) administers a major highway projects program. A major highway project is a project having a total cost of more than \$5,000,000 and involving construction of a new highway 2.5 miles or more in length; reconstruction or reconditioning of an existing highway that relocates at least 2.5 miles of the highway or adds one or more lanes at least five miles in length to the highway; or improvement of an existing multilane divided highway to freeway standards. Any major highway project, unlike other highway construction projects undertaken by DOT, requires the approval of the Transportation Projects Commission and the legislature before the project may be constructed. The current list of major highway projects that are approved for construction ~~include~~ six projects that involve bypasses. → includes

This bill provides that, prior to constructing a major highway project involving a bypass, DOT must notify the governing body of the city, village, or town primarily to be affected by the bypass of DOT's proposed construction of the bypass. If the governing body of the city, village, or town adopts a resolution, within 90 days of being notified by DOT, stating that an active bypass is in the best public interest of the city, village, or town and sends a copy of the resolution to DOT within seven days of its adoption, DOT is required to design and construct an active bypass. The bill defines "active bypass" as a bypass of an existing highway that is designed and constructed in such a way that access to the bypass requires motorists to exit the existing highway in order to travel on the bypass.

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~~For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.~~

~~The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:~~

1 SECTION 1. 84.013 (3g) of the statutes is created to read:

2 84.013 (3g) Before commencing construction of a major highway project that
3 is listed under sub. (3) or approved under sub. (6) and that involves construction of
4 a bypass, the department shall notify the governing body of the city, village, or town
5 in which a majority of the land affected by the proposed bypass is located that the
6 department is authorized to construct such bypass. If, within 90 days after the date
7 of the department's notification, the governing body of the city, village, or town
8 adopts a resolution stating that construction of an active bypass is in the best public
9 interest of the city, village, or town and, within 7 days after adoption of the resolution,
10 sends a copy of the resolution to the department, the department shall design and
11 construct the major highway project as an active bypass. For purposes of this
12 subsection, an "active bypass" is a bypass of an existing highway that is designed and
13 constructed so that access to the bypass requires motorists to exit the existing
14 highway in order to travel upon the bypass. This subsection shall apply to the use
15 of any federal funds only to the extent that such use does not result in the loss of any
16 federal funds. This subsection does not apply to any major highway project that is
17 subject to a contract for its construction and that is in effect on the effective date of
18 this subsection [revisor inserts date].

19 ~~END~~

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

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1 ~~AN ACT to renumber 44.02 (24) and 71.10 (4) (dr); to renumber and amend~~
 2 ~~71.07 (9m) (a), 71.07 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); to amend 71.07 (5m)~~
 3 ~~(a) 4., 71.07 (9m) (e), 71.07 (9r) (b) 3. a., 71.08 (1) (intro.), 71.28 (6) (c) and 71.47~~
 4 ~~(6) (c); and to create 44.02 (24) (b), 44.02 (24d), 71.07 (9m) (a) 2., 71.07 (9m)~~
 5 ~~(cm), 71.07 (9m) (g), 71.07 (9m) (h), 71.07 (9r) (a) 2., 71.07 (9r) (b) 3. am., 71.28~~
 6 ~~(6) (a) 2., 71.28 (6) (cm), 71.28 (6) (g), 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (cm),~~
 7 ~~71.47 (6) (g), 71.47 (6) (h) and 560.03 (21m) of the statutes; relating to: the~~
 8 ~~supplement to the federal historic rehabilitation tax credit and the state~~
 9 ~~historic rehabilitation tax credit and granting rule-making authority.~~

Analysis by the Legislative Reference Bureau

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2004, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic

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property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a qualified building or historic property. Under the bill, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do not satisfy the adjusted-basis requirement under federal law may claim the supplemental state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state Historical Society. In addition, a person who would otherwise be eligible to claim the federal rehabilitation tax credit, except that the rehabilitated property is not a certified historic structure as defined under the Internal Revenue Code, may claim the supplemental state rehabilitation credit, if the rehabilitated property is located in a certified downtown or is included in a business area revitalization and the state Historical Society approves the rehabilitation. The state Historical Society may charge and collect a fee for such certifications in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000.

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society certifies such expenses.

Under this bill, for taxable years beginning in 2004, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state Historical Society may charge and collect a fee for certifying such expenses. The amount of the fee is \$150. In addition, a person who would otherwise be eligible to claim the state income tax credit for preserving or rehabilitating historic property, except that the preserved or rehabilitated property is not historic property, may claim the state income tax credit, if the preserved or rehabilitated property is located in a certified downtown or is included in a business area revitalization and the state Historical Society approves the preservation or rehabilitation.

Under current law, if a person who claims the income tax credit for qualified expenses to preserve or rehabilitate an owner-occupied personal residence sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the state Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or on the date on which the preservation or rehabilitation does not comply with state Historical Society standards.

Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to preserving or rehabilitating historic property in this state sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the state Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received,

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depending on the date on which the person sold the property or the date on which the preservation or rehabilitation does not comply with state Historical Society standards.

~~For further information see the state fiscal estimate, which will be printed as an appendix to this bill.~~

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The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2 **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3 44.02 (24) (b) Charge a fee of \$150 for a certification under par. (a). The
4 historical society shall collect the fee under this paragraph when an applicant
5 applies for certification under par. (a).

6 **SECTION 3.** 44.02 (24d) of the statutes is created to read:

7 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
8 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
9 property for the purposes of ss. 71.07 (9m) (a) and (cm), 71.28 (6) (a) and (cm), and
10 71.47 (6) (a) and (cm). Such standards shall be substantially similar to the standards
11 used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

12 (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified
13 rehabilitation expenditures for the historic property that is the subject of the
14 certification, except that no fee under this paragraph may be less than \$150 nor more
15 than \$10,000. The historical society shall collect the fee under this paragraph when
16 an applicant applies for certification under par. (a).

17 **SECTION 4.** 71.07 (5m) (a) 4. of the statutes is amended to read:

18 71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after
19 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (dm).

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1 SECTION 5. 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and
2 amended to read:

3 71.07 (9m) (a) 1. Any person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under this
4 ~~chapter~~ ^{S. 71.02}, up to the amount of those taxes, an amount equal to 5% of the costs of
5 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~
6 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property
7 located in this state, if the physical work of construction or destruction in preparation
8 for construction begins after December 31, 1988, and before January 1, 2004, and the
9 rehabilitated property is placed in service after June 30, 1989.

10 SECTION 6. 71.07 (9m) (a) 2. of the statutes is created to read:

11 71.07 (9m) (a) 2. Any person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under ~~this~~
12 ~~chapter~~ ^{S. 71.02}, up to the amount of those taxes, an amount equal to 20% of the costs of
13 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
14 Revenue Code, for certified historic structures on property located in this state, if the
15 physical work of construction or destruction in preparation for construction begins
16 after December 31, 2003.

17 SECTION 7. 71.07 (9m) (c) of the statutes is amended to read:

18 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the
19 credit under this subsection unless the claimant includes with the claimant's return
20 evidence that the rehabilitation was approved recommended by the state historic
21 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
22 before the physical work of construction, or destruction in preparation for
23 construction, began; and the claimant claims the credit for the same taxable year in
24 which the claimant would have claimed the credit for federal purposes.

25 SECTION 8. 71.07 (9m) (cm) of the statutes is created to read:

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1 71.07 (9m) (cm) 1. A person whose qualified rehabilitation expenditures do not
2 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
3 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
4 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
5 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
6 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
7 by the state historical society before the physical work of construction, or destruction
8 in preparation for construction, begins; if the person includes evidence of such
9 approval with the person's return; and if the person claims the credit for the same
10 taxable year in which the person would have claimed the credit for federal purposes.

11 2. A person who would otherwise be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, except that the rehabilitated
13 property is not a certified historic structure, as defined in section 47 (c) (3) of the
14 Internal Revenue Code, may claim the credit under par. (a), if the rehabilitated
15 property is located in a certified downtown under s. 560.03 (21m) or is included in
16 a business area revitalization under s. 560.081; if the rehabilitation is approved by
17 the state historical society before the physical work of construction, or destruction
18 in preparation for construction, begins; if the person includes evidence of such
19 approval with the person's return; and if the person claims the credit for the same
20 taxable year in which the person would have claimed the credit for federal purposes.

21 **SECTION 9.** 71.07 (9m) (g) of the statutes is created to read:

22 71.07 (9m) (g) A person who has incurred qualified rehabilitation
23 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
24 certified historic structures located in this state, as described in par. (a), but who is
25 not a resident of this state and who is not required to file a return under this chapter,

1 may enter into an agreement with another person, with the department's approval
2 and in the manner prescribed by the department, so that the other person may claim
3 the credit under this subsection, if the other person is subject to the taxes imposed
4 under s. 71.02.

5 **SECTION 10.** 71.07 (9m) (h) of the statutes is created to read:

6 71.07 (9m) (h) A person who receives a credit under this subsection shall add
7 to the person's liability for taxes imposed under s. 71.02 one of the following
8 percentages of the amount of the credits received under this subsection for
9 rehabilitating or preserving the property if, within 5 years after the date on which
10 the preservation or rehabilitation work that was the basis of the credit is completed,
11 the person either sells or conveys the property by deed or land contract or the state
12 historical society certifies to the department of revenue that the historic property has
13 been altered to the extent that it does not comply with the standards promulgated
14 under s. 44.02 (24d):

15 1. If the sale, conveyance, or noncompliance occurs during the first year after
16 the date on which the preservation or rehabilitation is completed, 100%.

17 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
18 the date on which the preservation or rehabilitation is completed, 80%.

19 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
20 the date on which the preservation or rehabilitation is completed, 60%.

21 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
22 the date on which the preservation or rehabilitation is completed, 40%.

23 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
24 the date on which the preservation or rehabilitation is completed, 20%.

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1 **SECTION 11.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and
2 amended to read:

3 71.07 **(9r)** (a) 1. For taxable years beginning on or after August 1, 1988, any
4 natural person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under s. 71.02 ^{up to the amount of those taxes,} an amount
5 equal to 25% of the costs of preservation or rehabilitation of historic property located
6 in this state, including architectural fees and costs incurred in preparing nomination
7 forms for listing in the national register of historic places in Wisconsin or the state
8 register of historic places, if the nomination is made within 5 years prior to
9 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
10 physical work of construction or destruction in preparation for construction begins
11 after December 31, 1988, and before January 1, 2004, except that the credit may not
12 exceed \$10,000, or \$5,000 for married persons filing separately, for any preservation
13 or rehabilitation project. ^{up to the amount of those taxes,}

14 **SECTION 12.** 71.07 (9r) (a) 2. of the statutes is created to read:

15 71.07 **(9r)** (a) 2. For taxable years beginning after December 31, 2003, any
16 natural person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under s. 71.02 ^{up to the amount of those taxes,} an amount
17 equal to 30% of the costs of preservation or rehabilitation of historic property located
18 in this state, including architectural fees and costs incurred in preparing nomination
19 forms for listing in the national register of historic places in Wisconsin or the state
20 register of historic places, if the nomination is made within 5 years prior to
21 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
22 physical work of construction or destruction in preparation for construction begins
23 after December 31, 2003, except that the credit may not exceed \$10,000, or \$5,000
24 for married persons filing separately, for any preservation or rehabilitation project.

25 **SECTION 13.** 71.07 (9r) (b) 3. a. of the statutes is amended to read:

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1 71.07 (9r) (b) 3. a. The Except as provided in subd. 3. am., the property is listed
2 on the national register of historic places in Wisconsin or the state register of historic
3 places, or is determined by the state historical society to be eligible for listing on the
4 national register of historic places in Wisconsin or the state register of historic places,
5 or is located in a historic district which is listed in the national register of historic
6 places in Wisconsin or the state register of historic places and is certified by the state
7 historic preservation officer as being of historic significance to the district, or is an
8 outbuilding of an otherwise eligible property certified by the state historic
9 preservation officer as contributing to the historic significance of the property.

10 **SECTION 14.** 71.07 (9r) (b) 3. am. of the statutes is created to read:

11 71.07 (9r) (b) 3. am. If the property does not satisfy the requirements under
12 subd. 3. a., the property is located in a certified downtown under s. 560.03 (21m) or
13 is included in a business area revitalization under s. 560.081.

14 ~~**SECTION 15.** 71.08 (1) (intro.) of the statutes is amended to read:~~

15 ~~71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married~~
16 ~~couple filing jointly, trust or estate under s. 71.02, not considering the credits under~~
17 ~~ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),~~
18 ~~(6s), and (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m)~~
19 ~~and (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and~~
20 ~~subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the~~
21 ~~tax under this section, there is imposed on that natural person, married couple filing~~
22 ~~jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax~~
23 ~~computed as follows:~~

24 **SECTION 16.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fm).

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s. 71.23

1 SECTION 17. 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
2 amended to read:

3 71.28 (6) (a) 1. Any person may credit against ^{the} ~~taxes otherwise due~~ ^{imposed} under this
4 ~~chapter~~, up to the amount of those taxes, an amount equal to 5% of the costs of
5 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal
6 revenue code Internal Revenue Code, for certified historic structures on property
7 located in this state, if the physical work of construction or destruction in preparation
8 for construction begins after December 31, 1988, and before January 1, 2004, and the
9 rehabilitated property is placed in service after June 30, 1989.


10 SECTION 18. 71.28 (6) (a) 2. of the statutes is created to read:

11 71.28 (6) (a) 2. Any person may credit against ^{the} ~~taxes otherwise due~~ ^{imposed} under this
12 ~~chapter~~ ^{s. 71.23}, up to the amount of those taxes, an amount equal to 20% of the costs of
13 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
14 Revenue Code, for certified historic structures on property located in this state, if the
15 physical work of construction or destruction in preparation for construction begins
16 after December 31, 2003.

17 SECTION 19. 71.28 (6) (c) of the statutes is amended to read:

18 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit
19 under this subsection unless the claimant includes with the claimant's return
20 evidence that the rehabilitation was approved recommended by the state historic
21 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
22 before the physical work of construction, or destruction in preparation for
23 construction, began; and the claimant claims the credit for the same taxable year in
24 which the claimant would have claimed the credit for federal purposes.

25 SECTION 20. 71.28 (6) (cm) of the statutes is created to read:



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1 71.28 (6) (cm) 1. A person whose qualified rehabilitation expenditures do not
2 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal
3 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit
4 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),
5 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)
6 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved
7 by the state historical society before the physical work of construction, or destruction
8 in preparation for construction, begins; if the person includes evidence of such
9 approval with the person's return; and if the person claims the credit for the same
10 taxable year in which the person would have claimed the credit for federal purposes.

11 2. A person who would otherwise be eligible to claim the rehabilitation credit
12 under section 47 of the Internal Revenue Code, except that the rehabilitated
13 property is not a certified historic structure, as defined in section 47 (c) (3) of the
14 Internal Revenue Code, may claim the credit under par. (a), if the rehabilitated
15 property is located in a certified downtown under s. 560.03 (21m) or is included in
16 a business area revitalization under s. 560.081; if the rehabilitation is approved by
17 the state historical society before the physical work of construction, or destruction
18 in preparation for construction, begins; if the person includes evidence of such
19 approval with the person's return; and if the person claims the credit for the same
20 taxable year in which the person would have claimed the credit for federal purposes.

21 **SECTION 21.** 71.28 (6) (g) of the statutes is created to read:

22 71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,
23 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
24 structures located in this state, as described in par. (a), but who is not a resident of
25 this state and who is not required to file a return under this chapter, may enter into

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1 an agreement with another person, with the department's approval and in the
2 manner prescribed by the department, so that the other person may claim the credit
3 under this subsection, if the other person is subject to the taxes imposed under s.
4 71.23.

5 **SECTION 22.** 71.28 (6) (h) of the statutes is created to read:

6 71.28 (6) (h) A person who receives a credit under this subsection shall add to
7 the person's liability for taxes imposed under s. 71.23 one of the following
8 percentages of the amount of the credits received under this subsection for
9 rehabilitating or preserving the property if, within 5 years after the date on which
10 the preservation or rehabilitation work that was the basis of the credit is completed,
11 the person either sells or conveys the property by deed or land contract or the state
12 historical society certifies to the department of revenue that the historic property has
13 been altered to the extent that it does not comply with the standards promulgated
14 under s. 44.02 (24d):

15 1. If the sale, conveyance, or noncompliance occurs during the first year after
16 the date on which the preservation or rehabilitation is completed, 100%.

17 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
18 the date on which the preservation or rehabilitation is completed, 80%.

19 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
20 the date on which the preservation or rehabilitation is completed, 60%.

21 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
22 the date on which the preservation or rehabilitation is completed, 40%.

23 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
24 the date on which the preservation or rehabilitation is completed, 20%.

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SECTION 23. 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and amended to read:

71.47 (6) (a) 1. Any person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under ~~this~~ ^{s. 71.43} chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal revenue code~~ Internal Revenue Code, for certified historic structures on property located in this state, if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and before January 1, 2004, and the rehabilitated property is placed in service after June 30, 1989.

SECTION 24. 71.47 (6) (a) 2. of the statutes is created to read:

71.47 (6) (a) 2. Any person may credit against ^{the} taxes ~~otherwise due~~ ^{imposed} under ~~this~~ ^{s. 71.43} chapter, up to the amount of those taxes, an amount equal to 20% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the physical work of construction or destruction in preparation for construction begins after December 31, 2003.

SECTION 25. 71.47 (6) (c) of the statutes is amended to read:

71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence that the rehabilitation was approved recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for construction, began; and the claimant claims the credit for the same taxable year in which the claimant would have claimed the credit for federal purposes.

SECTION 26. 71.47 (6) (cm) of the statutes is created to read:

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71.47 (6) (cm) 1. A person whose qualified rehabilitation expenditures do not satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit under section 47 of the Internal Revenue Code, may claim the credit under par. (a), if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved by the state historical society before the physical work of construction, or destruction in preparation for construction, begins; if the person includes evidence of such approval with the person's return; and if the person claims the credit for the same taxable year in which the person would have claimed the credit for federal purposes.

2. A person who would otherwise be eligible to claim the rehabilitation credit under section 47 of the Internal Revenue Code, except that the rehabilitated property is not a certified historic structure, as defined in section 47 (c) (3) of the Internal Revenue Code, may claim the credit under par. (a), if the rehabilitated property is located in a certified downtown under s. 560.03 (21m) or is included in a business area revitalization under s. 560.081; if the rehabilitation is approved by the state historical society before the physical work of construction, or destruction in preparation for construction, begins; if the person includes evidence of such approval with the person's return; and if the person claims the credit for the same taxable year in which the person would have claimed the credit for federal purposes.

SECTION 27. 71.47 (6) (g) of the statutes is created to read:

71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures located in this state, as described in par. (a), but who is not a resident of this state and who is not required to file a return under this chapter, may enter into

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1 an agreement with another person, with the department's approval and in the
2 manner prescribed by the department, so that the other person may claim the credit
3 under this subsection, if the other person is subject to the taxes imposed under s.
4 71.43.

5 **SECTION 28.** 71.47 (6) (h) of the statutes is created to read:

6 71.47 (6) (h) A person who receives a credit under this subsection shall add to
7 the person's liability for taxes imposed under s. 71.43 one of the following
8 percentages of the amount of the credits received under this subsection for
9 rehabilitating or preserving the property if, within 5 years after the date on which
10 the preservation or rehabilitation work that was the basis of the credit is completed,
11 the person either sells or conveys the property by deed or land contract or the state
12 historical society certifies to the department of revenue that the historic property has
13 been altered to the extent that it does not comply with the standards promulgated
14 under s. 44.02 (24d):

15 1. If the sale, conveyance, or noncompliance occurs during the first year after
16 the date on which the preservation or rehabilitation is completed, 100%.

17 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
18 the date on which the preservation or rehabilitation is completed, 80%.

19 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
20 the date on which the preservation or rehabilitation is completed, 60%.

21 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
22 the date on which the preservation or rehabilitation is completed, 40%.

23 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
24 the date on which the preservation or rehabilitation is completed, 20%.

25 ~~**SECTION 29.** 560.03 (21m) of the statutes is created to read:~~

END OF
INJERS
13-16 JK

1 560.03 (21m) Promulgate rules for the certification of downtowns by the
2 division of small business development in the department. The rules promulgated
3 under this subsection shall require an area to meet at least all of the following
4 specifications in order to be a certified downtown:

- 5 (a) The area shall be a central business district.
- 6 (b) At least 66% of the structures located in the area shall be in commercial use,
7 or zoned for commercial use, and oriented for pedestrian traffic.
- 8 (c) The area shall be compact and include a regular pattern of sidewalks
9 facilitating commercial activity by pedestrians.
- 10 (d) At least 25% of the linear street frontage in the area shall be set back 15 feet
11 or less from the sidewalk.

12 ~~SECTION 30. Initial applicability.~~

- 13 (1) ~~This act first applies to taxable years beginning on January 1, 2004.~~

14 (END)

The language of act 1971, and act 1972, as amended, is hereby approved, and the same shall be printed in the official code of the State of Illinois.

2003 BILL

1 AN ACT *to amend* 13.48 (7) and 13.48 (15); and *to create* 13.48 (10) (c) and 560.03
2 (21m) of the statutes; **relating to:** the location of state office buildings and
3 facilities and granting rule-making authority.

Analysis by the Legislative Reference Bureau

✓
WS
SB

Currently, the Building Commission submits biennial recommendations to the legislature for revisions to the long-range state building program. No state agency or authority may engage any person to undertake construction of a building for the agency costing more than \$100,000 without prior approval of the commission. In addition, the commission has authority to lease land and buildings to be used for state purposes unless that authority is granted by law to another state agency.

This bill provides that the commission shall not authorize construction of any state office building to be located outside of a downtown area certified by the Department of Commerce as required under the bill, unless the cost of locating the building inside such a downtown area is more than 10% greater than the average cost of locating the building in that portion of the geographic area that is served by the functions to be performed in the building on the date of initial occupancy outside of such a downtown area, as determined by the Department of Administration (DOA). ✓
The bill also provides that the commission, in preparing its recommendations for the long-range building program, shall not recommend construction of a state office building to be located outside of such a downtown area, unless the commission would be authorized to permit construction of that building in the recommended location. In addition, the bill prohibits the commission from approving the lease of any

↘

BILL

5B
↓
building for state office facilities to be located outside of such a downtown area unless the cost of locating the facilities inside such a downtown area is more than 10% greater than the average cost of locating the facilities in that portion of the geographic area that is served by the functions to be performed in the facilities on the date of initial occupancy under the lease outside of such a downtown area, as determined by DOA.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 13.48 (7) of the statutes is amended to read:

2 13.48 (7) BIENNIAL RECOMMENDATIONS. The building commission shall prepare
3 and formally adopt recommendations for the long-range state building program on
4 a biennial basis. The building commission shall include in its report any projects
5 proposed by the state fair park board involving a cost of not more than \$250,000,
6 together with the method of financing those projects proposed by the board, without
7 recommendation. Unless a later date is requested by the building commission and
8 approved by the joint committee on finance, the building commission shall, no later
9 than the first Tuesday in April of each odd-numbered year, transmit the report
10 prepared by the department of administration under s. 16.40 (20) and the
11 commission's recommendations for the succeeding fiscal biennium that require
12 legislative approval to the joint committee on finance in the form of proposed
13 legislation prepared in proper form. If the building commission includes any
14 recommendation for construction of a state office building, the commission shall
15 ensure that the recommended location of the building is consistent with construction
16 requirements under sub. (10) (c).

17 SECTION 2. 13.48 (10) (c) of the statutes is created to read:

BILL

1 13.48 (10) (c) Unless otherwise required by law, the building commission shall
2 not authorize the construction of any state office building, whether for utilization by
3 a single agency or otherwise, to be located outside of a downtown area, as certified
4 under s. 560.03 (21m), unless the cost of locating the building inside a downtown area
5 is more than 10% greater than the average cost of locating the building in that
6 portion of the geographic area that is served by the functions to be performed in the
7 building on the date of initial occupancy outside of any downtown area, as
8 determined by the department of administration.

9 **SECTION 3.** 13.48 (15) of the statutes is amended to read:

10 13.48 (15) ACQUISITION OF LEASEHOLD INTERESTS. Subject to the requirements
11 of s. 20.924 (1) (i), the building commission shall have the authority to acquire
12 leasehold interests in land and buildings where such authority is not otherwise
13 provided to an agency by law. The building commission shall not approve any lease
14 for state office facilities, whether for utilization by a single agency or otherwise, to
15 be located outside of a downtown area, as certified under s. 560.03 (21m), unless the
16 cost of locating the facilities inside a downtown area is more than 10% greater than
17 the average cost of locating the facilities in that portion of the geographic area that
18 is served by the functions to be performed in the facilities on the date of initial
19 occupancy under the lease outside of any downtown area, as determined by the
20 department of administration.

21 **SECTION 4.** 560.03 (21m) of the statutes is created to read:

22 560.03 (21m) (a) Promulgate rules for the certification of downtowns by the
23 department. The rules promulgated under this subsection shall require the
24 department to consider at least all of the following factors with regard to an area
25 being a certified downtown:

BILL**SECTION 4**

1. Whether the area is or is located in a central business district.
 2. The extent to which the structures located in the area are in commercial use, or zoned for commercial use, and oriented for pedestrian traffic.
 3. The compactness of the area and the extent to which the area includes a regular pattern of sidewalks facilitating commercial activity by pedestrians.
 4. The extent to which the linear street frontage in the area is set back from the sidewalk.
 5. The historical value of the area.
- (b) Ensure that the rules promulgated under par. (a) permit multiple areas within a populous city, village, or town to be certified downtowns.

(END)

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2446/linsKA
....kmg:...

INSERT KA-1

CS
HISTORIC REHABILITATION TAX CREDITS

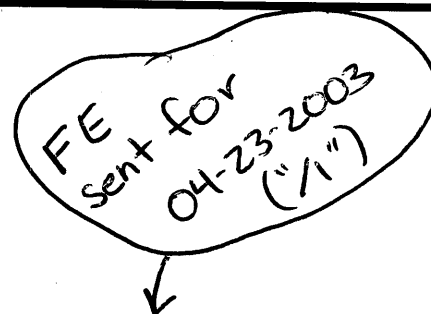
1 (0) ~~renumbering~~ The renumbering of sections 44.02 (24) and 71.10 (4) (dr) of the
2 statutes; the renumbering and amendment of sections 71.07 (9m) (a), 71.07 (9r) (a),
3 71.28 (6) (a), and 71.47 (6) (a) of the statutes; the amendment of sections 71.07 (5m)
4 (a) 4., 71.07 (9m) (c), 71.07 (9r) (b) 3. a., ~~71.08 (1) (intro.)~~, 71.28 (6) (c), and 71.47 (6)
5 (c) of the statutes; and the creation of sections 44.02 (24) (b), 44.02 (24d), 71.07 (9m)
6 (a) 2., 71.07 (9m) (cm), 71.07 (9m) (g), 71.07 (9m) (h), 71.07 (9r) (a) 2., 71.07 (9r) (b)
7 3. am., 71.28 (6) (a) 2., 71.28 (6) (cm), 71.28 (6) (g), 71.28 (6) (h), 71.47 (6) (a) 2., 71.47
8 (6) (cm), 71.47 (6) (g), 71.47 (6) (h), and ~~500.03 (21m)~~ of the statutes first ~~applies~~ to
9 ~~apply~~

taxable years beginning on January 1, 2004

Barman, Mike

From: Marchant, Robert
Sent: Monday, April 21, 2003 3:37 PM
To: Barman, Mike
Cc: Pozdol, Angela
Subject: RE: downtowns

FE
sent for
04-23-2003
("1")



Mike--

Can you follow up on this fiscal and give Angela an update? The LRB # is actually 2446. Thanks.

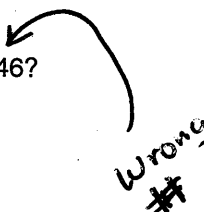
Rob

-----Original Message-----

From: Pozdol, Angela
Sent: Monday, April 21, 2003 12:24 PM
To: Marchant, Robert
Subject: downtowns

Hi Rob:
Have you requested a fiscal estimate for LRB 2246?
Angela J. Pozdol
Office of Rep. Dan Schooff
(608) 266-9967 office
(608) 282-3645 fax

Wrong
#



Barman, Mike

From: Barman, Mike
Sent: Wednesday, April 23, 2003 9:28 AM
To: Pozdol, Angela
Cc: Schaeffer, Carole
Subject: FE For LRB-2446/1

Angela -

I cancelled your request to have a FE prepared for LRB-2446/1. After you receive "/2" let me know if you wish for a "early FE" prepared on the new version. or we will automatically request a FE for you at the time of the draft's introduction.

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

-----Original Message-----

From: Pozdol, Angela
Sent: Wednesday, April 23, 2003 8:39 AM
To: Barman, Mike
Subject: RE: downtowns

Hi Mike:

Unfortunately we have to make a few changes to LRB 2446. Sorry. We just decided to do so yesterday and I haven't even been able to get in touch with the drafters yet. I don't know what that will do to the fiscal impact, but maybe you should cancel your request.

Again I apologize.

Thanks,

Angela J. Pozdol

Office of Rep. Dan Schooff

(608) 266-9967 office

(608) 282-3645 fax

-----Original Message-----

From: Barman, Mike
Sent: Wednesday, April 23, 2003 8:25 AM
To: Pozdol, Angela
Cc: Marchant, Robert
Subject: RE: downtowns

Angela -

I submitted your request to have a fiscal estimate prepared for LRB-2446/1. With any luck you should receive one back from us within the next couple of weeks. Let me know if you have any further questions. Thanks

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703

-----Original Message-----

From: Marchant, Robert
Sent: Monday, April 21, 2003 3:37 PM
To: Barman, Mike
Cc: Pozdol, Angela
Subject: RE: downtowns

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Can you follow up on this fiscal and give Angela an update? The LRB # is actually 2446. Thanks.

Rob

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Sent: Monday, April 21, 2003 12:24 PM
To: Marchant, Robert
Subject: downtowns

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Have you requested a fiscal estimate for LRB 2246?
Angela J. Pozdol
Office of Rep. Dan Schooff
(608) 266-9967 office
(608) 282-3645 fax

4-23-03

Angela - Rep School 6-9967

03-2446/1 - *1) take out ranging
part related

*2) keep to the code

*3) multi family - out

*4) exemptions from fees - out

*5) grant - out

6) keep - preservation - local units

*7) study - out

8) tax credit - certified downtown - should
also help to maintain programs/
communities

20% applies only
to certified downtown.

What about the 30% claim for residence

(up from 25% - see 71.07(9m)(2)1,
2. (page 20-21))

change also